

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**HB 2554 - SB 2496**

February 11, 2016

**SUMMARY OF BILL:** Increases, from one to five years, the period an employer discovered to be utilizing the services of illegal immigrants is prohibited from contracting with a state governmental entity. Increases the penalties for violations of the Tennessee Lawful Employment Act as follows: (1) first violation from \$500 to \$1,000; (2) second violation from \$1,000 to \$5,000; (3) third or subsequent violations from \$2,500 to \$10,000. Requires suspension of any state-issued license as defined in Tenn. Code Ann. § 50-1-103(a)(8), which is currently required under Tenn. Code Ann. § 50-1-103(e)(1)(A), to be for a period of one year for a first violation and five years for a second or subsequent violation of the state contract requirements regarding the use of illegal immigrants.

**ESTIMATED FISCAL IMPACT:**

**Increase State Revenue –**

**Exceeds \$12,000/Lawful Employment Enforcement Fund**

**Assumptions:**

- Based on information from the Department of Labor and Workforce Development (DLWD), there are an average of 24 citations for violations of the Tennessee Lawful Employment Act (TLEA) annually.
- The penalty for a first violation is increasing by \$500 (\$1,000 – \$500).
- Given the proposed penalty increases for second and subsequent violations, the penalty for a violation of the TLEA is assumed to increase by a minimum of \$500.
- The total recurring increase in state revenue to the Lawful Employment Enforcement Fund is estimated to exceed \$12,000 (24 violations x \$500 minimum increase).
- DLWD currently enforces the TLEA. Increasing the penalties will not increase the workload of DLWD; therefore the fiscal impact to the department is not significant.
- Professional licensing fee revenue will decrease as a result of any second or subsequent violation due to the five year license suspension. Based on information provided by DLWD, there will be less than one second or subsequent violation each year; therefore any decrease in state license fee revenue is not significant.
- Any expenditures for the Central Procurement Office to increase the prohibition period for violators of the contract requirements will be not significant.

**HB 2554 - SB 2496**

## **IMPACT TO COMMERCE:**

### **Increase Business Expenditures – Exceeds \$12,000**

#### Assumptions:

- The provisions of the bill will result in a recurring increase in business expenditures estimated to exceed \$12,000 for the payment of civil penalties.
- The provisions of the bill are not estimated to have an impact on the overall number of jobs in Tennessee.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in blue ink that reads "Krista M. Lee". The signature is written in a cursive, flowing style.

Krista M. Lee, Executive Director

/jaw